

Chapter 2—

How does redevelopment benefit communities?

The benefits of redevelopment are abundant. Success stories range from physical transformations of dilapidated buildings to the attitudes of the newly empowered people that reside in a redeveloped community. And the positive effects of community pride are often contagious!

Redevelopment is a powerful tool that empowers communities through:

- ◆ Creation of new job and housing opportunities;
- ◆ Economic development and crime reduction;
- ◆ Development or improvement of public facilities like libraries, theaters, parks, youth centers, bike paths, and greenbelts;
- ◆ Landscaping of neighborhood streets with trees or shrubs;
- ◆ Improved street lights, storm drains and water systems;
- ◆ Reduced through traffic on residential streets;
- ◆ New cultural, shopping, and recreational opportunities;
- ◆ Restoration of community pride; and
- ◆ Ultimately increasing overall city revenues to provide greater public safety and services.

The first way redevelopment agencies help communities is to listen to local citizens when they ask for help. To facilitate community involvement, many agencies distribute newsletters, provide public forums and form redevelopment advisory committees on which community members can serve to provide community direction on redevelopment projects.

You have a voice in redevelopment!

A continuing dialogue with the public is crucial to a successful redevelopment program. Without community input, ideas, and support, any redevelopment plan will falter. The redevelopment plan for a project area is presented at public hearings and community members are given an opportunity to review and comment on the plan. Meetings of the agency and any publicly appointed or elected redevelopment committees are also open to the public.

Although no direct vote is usually taken to affirm or deny the formation of a redevelopment area, community participation is an essential ingredient in any successful redevelopment program.

How can you participate?

One way you can participate is to join a project area committee (PAC)! Formation of a PAC to review the proposed plan is required when eminent domain is authorized over properties where a substantial number of low-to-moderate income households reside. Most redevelopment agencies form PACs specifically to encourage community participation, even when it is not required by law to do so.

Contact your local redevelopment agency to find out how you can participate!

Why should my community consider redevelopment?

Redevelopment is effective. As federal economic development initiatives have declined, redevelopment has become one of the primary economic development tools in California. The reason redevelopment is effective is that it has the authority, scope and financial resources to reverse the factors that contribute to the decline of an area and acts as a barrier to unwanted or unnecessary private investment in an area.

Communities with limited financial resources can use funds from redevelopment projects to rehabilitate properties, build better homes, create jobs, and stimulate private businesses and development. Because of its funding structure, redevelopment accomplishes what could not be done by other public or private means.

My neighborhood is not in decline, so how does redevelopment affect me?

The CRL was passed in recognition of the fact that the adverse impacts of distressed areas tend to be contagious. Even though your neighborhood is prosperous, deteriorated areas in your overall community can still physically and financially impact it. Below is a list of negative impacts blighted communities have on healthy neighboring communities.

A. Deteriorating areas cannot pay their own way.

People living in deteriorated and over-crowded conditions are often the victims of crime and unsafe living conditions. Often these deteriorating areas require more public services, such as public safety, than the tax revenue produced in the area can fund. When that happens, funding is diverted from other public services. In this way, deteriorated areas may be a financial drain on the whole community.

B. There are no natural barriers to deterioration.

Deterioration, if not controlled, tends to expand. It can spill over into adjacent areas and affect an ever-widening circle of surrounding residents and businesses. Like a disease, if the causes and symptoms are treated in the early stages, then swift economic recovery is more likely.

C. Deterioration results in an economic drain on the community.

As offices, industries, services and shops leave or close, jobs and tax revenues are lost. The relocation of one business outside the area encourages other firms to leave, causing a ripple effect on the community. Vacated residential and commercial structures are an economic drain to the community as property depreciates or stagnates.

Shopping areas and jobs move farther and farther away, stranding the transit-dependent and causing those with automobiles to travel farther for work and the basic necessities of life. Residents then spend increased dollars and travel time to find employment, shopping, and recreation outside their neighborhood. The result is that local dollars are now being spent outside the community.

D. A deteriorating area results in a negative image that affects development elsewhere in the community.

What a community has to offer in terms of labor, land, consumers, facilities, transportation, and environment plays a major role in business location decisions. If the community does not stop deterioration and turn it around, new businesses will not choose the community as the site for new developments. A thriving community has the advantage of attracting new business development; a decaying one is a major deterrent to new investment.

How does redevelopment enable a deteriorated area to financially sustain itself?

As the project area is revitalized, it begins to generate enough revenue to pay its own way and contribute to other areas of the community. When a redevelopment project ends, the property taxes from the increase in property values flow to all other local taxing agencies (such as special districts, counties, mosquito abatement and fire districts).

For example, when tax dollars are no longer needed to help a decaying area they can be spent on schools or improving roads and infrastructure. More dollars flowing into the city or county budget as a result of redevelopment activities (sales tax, hotel tax, and utility tax revenues) also enables the local government to provide greater public safety and services while stopping the spread of deterioration and blight.

Will my community lose the good qualities it already has if we pursue redevelopment?

No. The financial structure of redevelopment funding (tax increment) is designed to target and fund only areas that need redevelopment. Consequently, healthy areas of the community will likely not be targeted.

When a redevelopment plan is adopted, only the incremental property tax revenues generated within a designated project area become available for redevelopment. Property taxes generated from properties outside the project area, as well as sales, hotel, and utility taxes generated by the entire community go into the community's general fund. What's more, all decisions about what to do in your project area are made locally, by your city council or board of supervisors.

Why wasn't this area in our community helped earlier?

Once private investment disappears, many people often lose interest in that area. The owners of private businesses and homes are often reluctant to invest more money in improving their property for fear that they will not be able to recoup their investment.

Why have other efforts to renew such areas failed?

A well-planned and adequately financed strategy is required to stop deterioration and begin what can sometimes be a long process of economic and physical revitalization.

Many major revitalization projects fail for a number of reasons. While good intentions and considerable efforts are often made, the complexity of the task, the enormity of financial resources required, and the difficulty of coordinating diverse interests sometimes stymie public and private efforts at revitalization. Multiplicity of ownership, inadequate public facilities, financial limitations, and widespread environmental problems place the possibility of revitalization beyond the reach of private enterprise alone.

Also, private enterprise does not have the legal authority to consolidate numerous properties for new development in an older area and seldom can afford the high cost of rebuilding an area. The high risk and fear of the loss of an economic investment prevents private enterprise from reversing the downward trend.

Can't private enterprise do it alone?

Not very often. Community redevelopment is usually accomplished by forming a partnership of

public and private enterprise. Public funds are used to lay the foundation and provide the pre-conditions that are necessary for private enterprises to be interested in and capable of investing their financial resources. Local public funds are, in essence, used as seed money that will leverage much greater private investment. These funds can be used for improvement of streets, utilities, landscaping, parking, and also assembly of parcels of sufficient size for modern development in order to encourage and attract private development. The additional tax dollars created in the project area due to redevelopment are used to change adverse economic and physical conditions and improve the environment of community residents.

New tools, new resources, and new ideas are required. The CRL provides for the necessary planning, financial tools, legal authority, and

citizen participation for community revitalization efforts. Through the redevelopment process, a partnership of public and private efforts can join forces to bring new life to deteriorating areas.

Plaza Almeria (below) in the City of Huntington Beach is an example of a successful mixed-use project that revitalized a previously blighted area (right) by creating 80,000 square feet of retail, office space and townhomes.

